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April 5, 2006

ELECTRONICALLY FILED

Honorable William W. Caldwell
P.O. Box 11877
Harrisburg, PA 17108

Re: State Auto Property & Casualty v. Czapp, et al.
1:CV-00-1328
Our File No.: 471-60520

Dear Judge Caldwell:

In response to the letter request of March 31, 2006, I am providing you with the following status report with respect to the above matter. Based upon my discussions with counsel in the underlying liability action, which is currently pending in Cumberland County, it is my understanding that the Defendants' Summary Judgment Motions in that case were denied in the Fall of 2005. The parties are currently involved in concluding discovery and a trial is anticipated this year. It will be necessary for State Auto to review the damages claimed by the Plaintiffs in the underlying case and determine the basis for potential liability of Czapp and Griffith in that case to establish the applicability of the pollution exclusion to those claims. At this time, Plaintiff State Auto believes that the Court will be in a position to reopen this matter for a final determination as to the existence of coverage in the underlying case either upon the completion of discovery or the conclusion of the trial of that claim. In the meantime, this declaratory judgment action should continue to be stayed.

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Thank you for your attention to this matter. If you need any additional information, please feel free to advise us and we will supplement this report.

Yours very truly,

THOMAS, THOMAS & HAFER, LLP

By: **/s/ David L. Schwalm**

David L. Schwalm

DLS/wer

cc: Paul J. Bruder, Jr., Esquire (*via electronic notice*)
Lawrence S. Markowitz, Esquire (*via electronic notice*)
Kenneth L. Joel, Esquire (*via electronic notice*)
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